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The other way to deal with the national debt

● Bob Blain

President Bill Clinton faces the same dilemma as every president since George Washington; how to fund needed projects without increasing the federal debt. The federal debt was \$75 million when Washington became president and \$82 million when he left office. To collect taxes to pay interest on the debt he sent federal troops into western Pennsylvania to suppress the Whiskey Rebellion. By 1836, Andrew Jackson had reduced the federal debt to \$38 thousand, only to see the country plunge into a severe depression a year later.

By 1993 federal debt was \$4.4 trillion. From 1790 to 1993, taxpayers were charged \$3.2 trillion in interest on federal debt. The original debt of \$75 million at 5.37 percent interest compounded annually for 204 years is \$3.2 trillion. The original debt at 5.53 percent interest compounded for 204 years equals \$4.4 trillion. The present federal debt is arguably the original debt enlarged by 204 years of compounding interest.

● According to the Federal Reserve *Bulletin*, the total money supply (currency, travelers checks, demand deposits, and savings accounts) in the U.S. economy in March 1993 was \$4 trillion. The total debt of the federal government, state and local governments, corporations, farmers, home buyers, and consumers was in excess of \$15 trillion. If the total money supply is \$4 trillion, where is the other \$11 trillion of borrowed money?

Here is another curious fact. We have been told for years that government borrowing to cover hundreds of

billions of dollars of deficits would drive interest rates through the roof. Instead, interest rates have fallen dramatically. In March, 1993 they were between 4.9 and 2.2 percent, far below what they were in the early 1980s when federal debt was a small fraction of what it is now.

The explanation for these anomalies is that the missing money never existed. We never borrowed it, in the normal sense that it was turned over to us and spent. Most debt is not the result of people borrowing money; it is the result of people not being able to repay what they owed at some earlier time. Instead of declaring them bankrupt, creditors just add more to their debt.

The federal government has been adding interest to its debt for 204 years. James Jackson, Congressman from Georgia, predicted that this would happen in a speech he made to the First Congress on February 9, 1790. Jackson warned that passing Alexander Hamilton's plan to base the

The privilege of creating and issuing money is not only the supreme prerogative of government, but is the government's greatest creative opportunity. By the adoption of these principles, the taxpayers will be saved immense sums of interest. --
Abraham Lincoln

country's money supply on the existing federal debt of \$75 million would "settle upon our posterity a burden which they can neither bear nor relieve themselves from." He predicted: "In the course of a single century it would be multiplied to an extent we dare not think of," He clearly saw that Hamilton's plan would put in place an exponential process of debt growth. To support his warning he cited the experience of Florence, Genoa, Venice, Spain, France, and England.

Hamilton's plan was for Congress to commit the country to pay interest on the debt until the debt was paid.

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In the meantime the debt certificates would circulate as money. He argued that this would turn a \$75 million debt into a \$75 million money supply. The problem was that interest payments would have come out of the money supply. This would reduce the quantity of money that remained in circulation -- and cause recession -- until new loans returned the interest money back into circulation. The history of federal government finance shows such periodic swings between debt reduction and recession to debt increase and recovery.

The power to deal with this problem that Congress has neglected all these years is the power "to coin money and regulate the value thereof." It has overused its power "to borrow money on the credit of the United States." According to the Federal Reserve, 98 percent of the U.S. money supply is borrowed. Only 2 percent is coined.

The First Congress set the wrong precedent. It should have created \$75 million in money and paid off the debt. With a population of 4 million people and an economy starved for a medium of exchange, that would have increased the money supply by \$18.75 per person.

Why did the First Congress borrow instead of coin money? Newspapers at the time accused members of Congress of acting to serve their own interests. They sent agents into the countryside to buy up debt certificates that the general public thought were worthless. They then passed the Funding Act knowing that it would give themselves and their heirs a source of income that would grow exponentially with the debt. For every debtor there is a creditor. What is a \$4 trillion debt for debtors is \$4 trillion in claims for creditors.

To get out of this trap Congress has a range of options:

First, it could stop paying interest on the debt. Interest is the fuel that is exploding the debt. Cut off the fuel; stop the explosion. Since 1790 over \$3 trillion in interest has been added to the original \$75 million. Cutting interest would immediately cut the annual deficit by about \$300 billion. Experience shows that all other conventional actions, no matter how painful, do no more than slow slightly the rate of debt growth. Then Congress could begin the process of paying off the debt.

A political problem with stopping the payment of interest is that people with money control politics. And many of them would have their interest income stopped. Insurance companies and pension funds are invested in federal debt and foreign holders would also be upset. Economically, however, we cannot continue to add compounding interest to existing debt. The biggest debtor is not the federal government. It is business corporations. It is impossible for them to increase the physical production of goods and services in order to keep up with exponential debt growth that is limited by nothing but arithmetic. Unlike the debt, the physical economy has limits.

The question holders of federal debt must ask themselves is this: Do we want to insist on more interest

that will add debt to existing debt until the only option is debt repudiation and we lose everything? Or are we willing to stop where we are while we may still be able to recover our original investment plus a reasonable profit?

A second option is for Congress to create the money necessary to fund public works. As a sovereign government, Congress' power is unique. It can create money debt-free and interest-free. Congress needs to stop thinking of itself as the same as other organizations that must take money in before they can spend it. Money does not grow on trees. It must be created. The only choice is whether to have it created as loans at interest from private banks or to have it created by Congress debt-free and interest-free.

How can Congress create money without causing inflation? Congress must regulate its value. The power to create money includes this regulatory power.

A good way for Congress to regulate the value of money is by funding projects at the current national price level. The current national price level can be calculated by dividing the most recent gross domestic product by the number of hours of work that produced it. For example, in 1991 the total gross domestic product was \$5.6 trillion. The employed labor force produced it with 237 billion hours of work. So the GDP was produced at the rate of \$23.95 per hour of work. By now the price level per hour is probably \$25.00. So let Congress fund projects at \$25 per hour. How this amount is allocated among labor, land, and capital can be negotiated.

How much money should Congress create? How about enough to reach full employment? We have about 9.5 million people actively looking for work. That includes a million managers and professionals; two and a quarter million technical, sales, and clerical people; a million and a quarter precision production, craft and repair people; over two million operators, fabricators and laborers; and 305,000 framers, foresters and fishermen. That's a skilled labor force as big as many nations -- all now idle. Employed at an average \$25 per hour, (\$50,000 per year), they would add \$475 billion to the nation's gross domestic product and reduce spending for unemployment compensation. The pie would grow as unemployment went down. Congress could start by creating, say, \$50 billion, or \$200 per person, in debt-free interest-free money, then fund \$50 billion worth of works projects, monitor the results, and make adjustments as needed. Meanwhile the Fed could raise bank reserve rates, not interest rates, to make checking accounts more secure.

A third more conservative option is being proposed by an organization called Sovereignty, which believes that a country that borrows money loses its sovereignty to its creditors. Their proposal is intended to restore U.S. sovereignty by reducing our dependence on borrowed money.

The quiet movement. . .

Sovereignty is a nonpartisan, not for profit organization founded to reduce the high and escalating taxes, both income and property, and to fund to a greater degree the necessary and legitimate needs of our communities and nation -- such as bridges, roads, water/sewer/waste disposal systems, environmental projects, education, housing, and health care. In summary, Sovereignty wants less taxes and greater funding.

The cost *per person* for just interest on the federal debt is \$1,200 per year. When one multiplies this amount times the population of one's city or county, it is evident that the waste is massive. It is waste because no borrower gets any value from interest payments.

Sovereignty wants tax-supported bodies to be able to borrow money *interest free* directly from the U. S. Treasury for capital projects and for paying off existing debt. It would be a loan, not a grant, to be used to build capital projects, not to pay day-to-day expenses. As the loans are repaid to the U.S. Treasury, the money would be extinguished out of the money supply. The Treasury would get the money not from the federal budget, but rather, Congress would create the money, as authorized in the U. S. Constitution, just like banks and the Federal Reserve do every day.

Creating additional money for such loans would increase bank deposits. However, the Federal Reserve already knows how to regulate the reserve requirement of banks to prevent excess money available to the general public leading to inflation.

State and local governments would also be allowed to borrow to pay off debt -- thus freeing up years of interest payments.

Sovereignty can be reached at 1154 West Logan Street Freeport, Illinois 61032, (815) 232-8737

The Guernsey experience. . .

Guernsey is an island state located among the British Channel Islands about 75 miles south of Great Britain. In 1816 its sea walls were crumbling, its roads were muddy and only 4 1/2 feet wide. Guernsey's debt was 19,000 pounds. The island's annual income was 3,000 pounds of which 2,400 had to be used to pay interest on its debt. Not surprisingly, people were leaving Guernsey and there was little employment.

Then the government created and loaned new, interest-free state notes worth 6,000 pounds. Some 4,000 pounds were used to start the repairs of the sea walls. In 1820, another 4,500 pounds was issued, again interest-free. In 1821, another 10,000; 1824, 5,000; 1826, 20,000. By 1837, 50,000 pounds had been issued interest free for the primary use of projects like sea walls, roads, the marketplace, churches, and colleges. This sum more than doubled the island's money supply during this thirteen year period, but there was no inflation. In the year 1914, as the British restricted the expansion of their money supply due to World War I, the people of Guernsey commenced to issue another 142,000 pounds over the next four years and never looked back. By 1958, over 542,000 pounds had been issued, all without inflation.

In 1990 there was \$13 million in interest-free state issued notes. A visitor to the island that year later wrote:

"I returned from Guernsey last weekend. It is a fascinating little island. There are about 60,000 permanent residents on the island. The average family owns 3.3 cars, their unemployment rate is zero and their standard of living is very high. There is no public debt. There is a surplus of public funds which earn interest. The Guernsey Treasury increased the MI of the island by 40 percent in the last three-year period, and this increase did not do anything to inflation. The price for a gallon of gasoline in England translates to about \$5US whereas, the price in Guernsey is about \$2US. Contrary to the teachings of current economics in all higher institutions, inflation is not related to the volume of money but rather to the size of the commercial debt."

Sovereignty proposes that Congress create money and lend it interest-free on a per capita formula to tax-supported bodies for capital projects and to convert existing debt to non-interest-bearing debt. Since first proposed in January 1989, the Sovereignty loan plan has been endorsed by over 1,814 city, town, and county governments and school boards, as well as by the U.S. conference of Mayors, the Michigan state legislature and the Community Bankers Association of Illinois, which represents 515 banks.

As loans, the money would be repaid, so money injected into communities would fund projects, then be removed. Of the three methods for putting money into circulation available to Congress, giving, paying, and lending, lending is the most cautious.

Benjamin Franklin attributed the economic success of the colonies to their creation of all the money they needed. He said that the root cause of the Revolution was the act of Parliament that prohibited the colonies from continuing to issue their own money. The moneylenders of England thought it more profitable that the colonies borrow their money.

We hear from Washington that we need to sacrifice to bring the deficits under control -- cut consumption, save, and invest. When that slows the economy, we will be told to spend more to stimulate the economy. We have heard it all before. Neither method works. We need debt-free interest-free money to fund the work that needs to be done. It's not sacrifice we need; it's productive employment. Let Congress use its unique power to coin money and regulate its value to fund that employment.

Money is no more than an accounting device, a system of notes certifying that the bearer has done a share of the work and deserves a share of the wealth. Money's backing is the goods and services produced by the labor force. By creating money Congress can activate the idle productive power of our people. And what they produce will add real wealth to the U.S. Treasury and add nothing to the federal debt.

Bob Blain, Ph.D., is Professor of Sociology at Southern Illinois University at Edwardsville. His research on the history of U.S. public and private has been published in the International Social Science Journal of UNESCO, Paris.

The Statehood Papers

Twenty years of writing about the DC statehood movement by *Progressive Review* editor Sam Smith. Gives arguments for DC statehood, reviews history of the nation's capital colony and describes the struggle for self-government. Useful to anyone involved in the DC statehood movement. \$10 from *Progressive Review*, 1739 Conn Ave. NW, Washington DC 20009. (DC residents: please add 60 cents sales tax)

Poisoning Guatemala

Kevin Barrett & Bruce Barrett

A palpable fear seems to grip the little group of foreigners gathered in a cafe just off the *Plaza Central*, the picturesque town square of the world-famous colonial city of Antigua. One of the tourists, an ordinarily indomitable British woman who is traveling alone overland to Tierra del Fuego, tells how she decided to take the slow, scenic bus trip to the Mayan ruins of Tikal. The ride was uncomfortable -- the bus was packed with people, the seats offered little leg-room, and the vehicle's shock absorbers were no match for the badly rutted roads -- but the splendid views, as mountains gave way to jungle beneath the blood-red sunset, more than made up for the discomfort.

Suddenly, sometime after dark, a crackling volley of automatic weapons fire erupted outside the bus. The driver slammed on the brakes and shut off the headlights; the passengers dove from their seats, pressed themselves against the bus's cold metallic floor, and remained there, frozen, as the vehicle lurched to a halt. The driver hastily engaged the emergency brake and joined the passengers on the floor. He gave no instructions, for none were needed. On this lonely road between the Guatemalan capital and the tourist mecca of Tikal, most of the passengers knew exactly what to do in the event of an attack.

After thirty minutes on the floor of the blacked-out bus, with nothing to occupy their minds but the periodic bursts of gunfire, the passengers flinched as someone pounded forcefully on the door. The driver opened it to admit two Guatemalan army officers. After haranguing the driver and searching the passengers, the officers left and the bus continued on its way.

After the English woman has told her story, an American who had lived in Guatemala during the 1970s, tells how he used to climb the volcano Pacaya alone; now, he claims, you need an armed guard of at least three men with Uzis to protect you from the robbers, rapists, and murderers who terrorize volcano-climbing tourists. Throwing up his hands, he asks "Just what the hell is happening to this country?"

What is happening is that the rural poor, primarily Mayan Indians, are under economic and military assault. When they lose their land or are unable to produce enough to feed their families, they are forced to migrate to the cities, where rampant unemployment and the absence of social bonds have produced a skyrocketing crime rate. The destruction of traditional rural culture -- the root cause of the violence -- is partially aided by U.S. policies. American military aid, most of it disguised as economic assistance, flows freely to the Guatemalan army. During the early 1980s this same army slaughtered as many as 100,000 men, women and children, and eradicated hundreds of entire villages in its attempt to "drain the sea" in which the rebel "fish" swam freely. Today the army terrorizes the rural areas through its use of the Civil Defense Patrols, composed

The Mexican and Guatemalan Revolutions

The Mexican Revolution of 1910 to 1920 was born of frustration and hope, as peasant *campesinos* rallied to demand land reform and an end to the exploitative peonage system perpetrated by the Mexican heirs to the Spanish Conquistadors. Among the charismatic leaders of the revolution was Emiliano Zapata, a poor Indian farmer turned revolutionary general from Morelos, Oaxaca. Zapata made his fame calling for a better deal for the rural poor, a fact that helps explain why this January's Chiapas insurgency was led by self-proclaimed "Zapatista" rebels. Among the unfulfilled promises of the 1917 constitution was a redistribution of arable land for the rural poor, a promise especially meaningful to the largely Indian farmers of Oaxaca and Chiapas, descendants of the Mayan empire who are today almost entirely dependent on subsistence agriculture and migrant farm labor.

While the Mexican revolution became institutionalized in rhetoric if not in deed, the Guatemala revolution of 1944-1954 was reversed completely by a CIA-inspired counter-revolutionary coup. The 1952 Agrarian Reform Law gave idle land to 100,000 peasant families, but threatened the interests of Guatemala's largest landholder, the U.S.-based United Fruit Company, with a forced buyout of 400,000 acres at the declared tax value. With UFCo shareholders John Foster Dulles as U.S. Secretary of State and his brother Allen Dulles as head of the fledgling CIA, it wasn't long before U.S. pilots flying CIA planes began to drop bombs on Guatemala City. Less than a week later, the Guatemalan Revolution was over, with a U.S.-picked president and a clear mandate to roll back land reform and further institutionalize disparities between the country's Latino urban elite and the poor Indian majority.

of more than a million villagers forced to carry arms to "protect themselves" from the insurgents.

In the Mayan Indian lands of southern Mexico and Guatemala, restless natives are increasingly giving travelers something to write home about. The 1994 New Year's Day takeover of San Cristobal de las Casas (one of the most

Guatemala today. . .

On May 25th, 1993, Guatemala's President Jorge Serrano suspended the Constitution, eliminated freedom of the press, placed thousands of soldiers in the streets, and declared his incontestable authority over all governmental procedures. For the next few days, newspapers and television news programs were suspended, while all of the country's radio stations simultaneously played the same eerie marimba music.

Although Serrano was ousted within two weeks by a combined civilian/military coalition, initial hopes based on the appointment of the human rights advocate Ramiro de Leon as Guatemala's new president have dissipated. Recent efforts have centered on conflicts between the president and the legislature, without addressing the fundamental problems of the country.

De Leon has reversed his stance on the hated Civil Patrols and wants to retain them as a bargaining chip in peace talks with the URNG insurgency. Although the peace talks have indeed progressed a record distance -- scheduled monthly meetings in Mexico between the URNG and the government on various issues -- there remains a great deal of skepticism, especially among the 87% of Guatemalans below the poverty line.

popular tourist destinations in Mexico) by *Zapatista* guerrillas was a spectacular example of the widespread violence that is making foreigners here nervous. Despite NAFTA and the Central American peace accords, continuing poverty and injustice in the ancient Mayan empire still fuel guerrilla insurgencies.

But U.S. military aid isn't the only American force helping to unravel Guatemala's social fabric. Economic policies pushed by the US-controlled World Bank and International Monetary Fund have forced the Guatemalan government to cut social spending, leaving gaping holes in Guatemala's already frayed social safety net. Even much of the "humanitarian" aid administered by the Agency for International Development may be working against traditional Guatemalan culture.

Since the mid-1980s AID has been trying to convince small farmers to plant non-traditional cash crops like snow peas, broccoli, and melons instead of the traditional food staples of corn, beans and squash. The idea is for the cash crops to be sold abroad, primarily in the U.S., so Yankee

dollars will flow into the Guatemalan economy, speeding debt payments and leading to integration with the world market. This vision is the product of the same neo-liberal economists who brought us NAFTA.

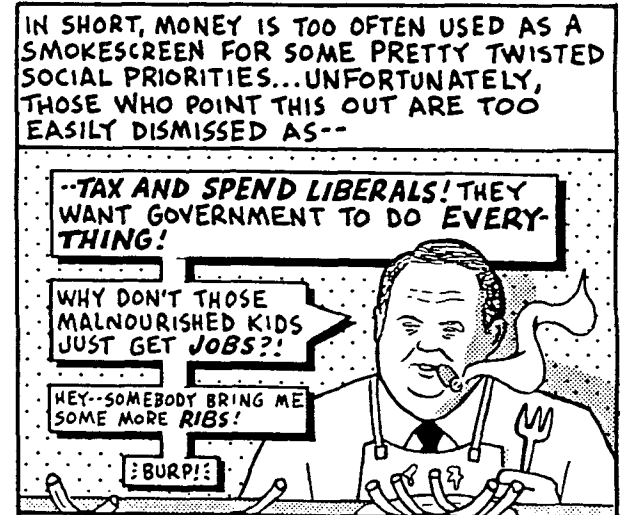
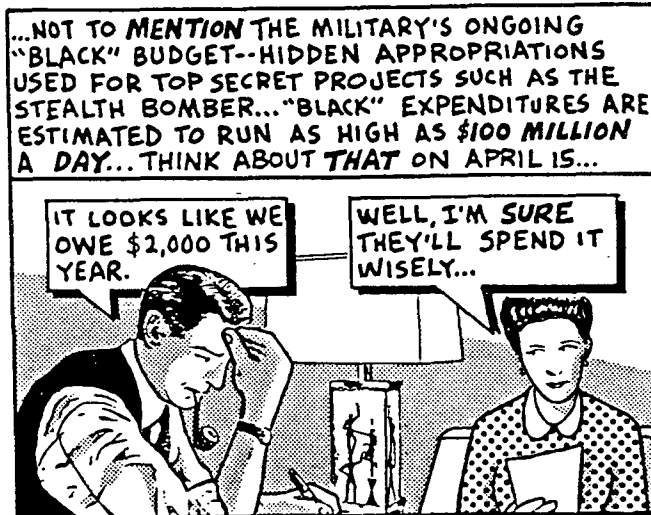
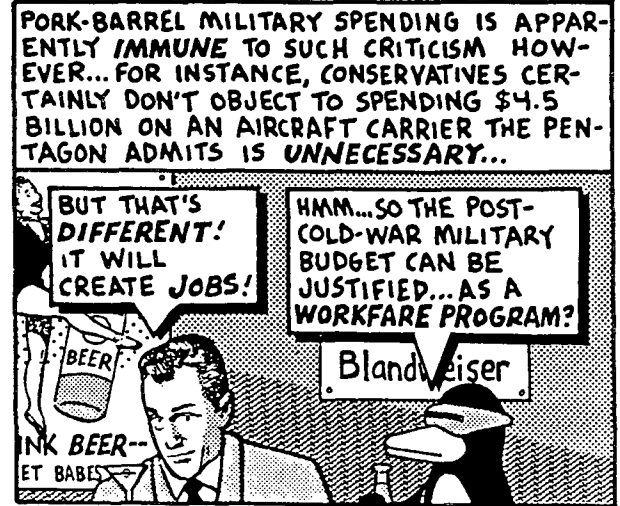
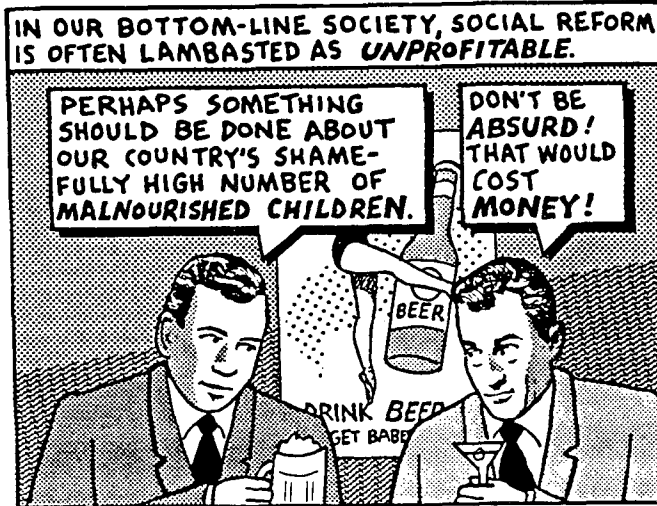
The U.S. has used coercion, bribes, and heavy doses of propaganda in its attempt to transform traditional Guatemalan agriculture. The carrot has been plenty of credits and loans for farmers who try to grow cash crops, along with lavish doses of foreign aid for the Guatemalan government and military. The stick: threats to withhold aid and apply trade sanctions if U.S. free-market prescriptions are not followed. So far, the pressure has worked: Guatemala has largely eliminated tariffs on foreign foodstuffs, unleashing a flood of cheap imported rice and wheat which has badly damaged the local market for home-grown corn, beans, and squash.

The farmers, finding they can no longer make a living selling traditional foodstuffs, are under pressure to gamble their futures on non-traditional export crops. And according to the free-market ideologues, that's exactly as it should be. In the long run, they say, everyone will win: the farmers and middlemen will get richer, and the U.S. will get plenty of cheap Guatemalan vegetables.

Although the attempted wholesale transformation of Guatemalan smallholder farming since the mid-'80s has produced some winners, the utopian dreams of the free traders have had a host of noxious consequences. One of them is economic dislocation; though the winners do get richer, the losers often lose everything they have. Small farmers who choose to grow non-traditional export crops are taking a major risk. They usually find themselves deeply in debt after purchasing the necessary seeds, fertilizer, and pesticides. If the crop doesn't come in, if market prices drop, or if the crop is rejected due to cosmetic flaws or unacceptable levels of pesticide residues, the farmers may have their land confiscated by the local bank or credit agency, to be resold to one of their wealthier neighbors. Unable to survive in the country, landless families typically migrate to the city to join the growing mass of Guatemala's urban poor. The resulting social dislocation not only contributes to Guatemala's epidemic of poverty and malnutrition, but also generates guerrilla fighters and criminals.

Those small farmers who do succeed in growing the new export crops face another problem: The lavish doses of pesticides necessary to produce non-traditional crops may be poisoning them en masse. Crops like broccoli, snow peas and cantaloupe were developed in northern climes, where harsh winters keep insects under control. In Central America, where freezes are unknown, copious and repeated applications of insecticides are necessary to grow export-quality produce. (The traditional food crops of corn, beans, and squash, by contrast, have evolved natural resistance to local insects and therefore don't require pesticides; moreover, in combination they offer a nearly perfect diet, providing a balanced source of protein, calories and vitamins.)

THIS MODERN WORLD by TOM TOMORROW



Because of the export crop boom, Guatemala, along with the rest of Central America, is awash in pesticides. According to Bill Lambrecht's recent series of articles in the *St. Louis Post-Dispatch*, the U.S. is now exporting over 73 million pounds of pesticides to Central America per year--a figure that has almost doubled in the last four years. Much of this is indirectly subsidized by the U.S. taxpayer through a multi-million dollar AID project assisting non-traditional agriculture. Though the U.S. chemical companies may be happy with this situation, even a few AID officials admit that the alleged economic benefits of pesticide-intensive farming may be offset by the health risks to farm workers.

A political controversy is brewing in Congress over the American companies that continue to manufacture and export pesticides that are illegal to use in the U.S. To date, however, no law prevents U.S. companies from dumping these chemicals on third world countries, where they are applied manually by workers lugging leaky canisters of the stuff on their backs and hand-spraying crops from sunup to

sundown. Worse yet, many of the sprayers are children, whose developing bodies are especially vulnerable to the kind of long-term damage pesticides can cause -- or pregnant or soon-to-be-pregnant women, whose children may be born dead or suffer birth defects.

The chemical companies claim that pesticides not approved for American use may not be any worse than the approved variety. And, in fact, even the approved pesticides are not necessarily safe for farmworkers. Few Americans realize that when DDT and its chemical cousins were banned, the price of safer produce in American supermarkets was an increased health threat to farm workers. The currently used organophosphate pesticides are far more toxic to humans than DDT ever was; their advantage is that they are water soluble and therefore tend to get washed off the fruits and vegetables before reaching the dinner table. Farm workers, however, were better off when they were applying DDT. Many of the currently used insecticides have been linked to birth defects, sterility, stillbirths, and other reproductive harm, as well as to

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various forms of cancer. And according to the World Health Organization, three million people a year suffer severe accidental pesticide poisoning, of whom at least 220,000 die.

In Guatemala, for example, one such poisoning occurred when a farmer who had stored pesticides in an empty beer bottle in his house--a common practice in areas where containers are in short supply--mistakenly took a drink from the wrong bottle.

Though accidental and incidental poisonings abound, it is the suicide-by-pesticide epidemic which best sums up the unintended consequences of Guatemala's rush toward chemical-dependent export agriculture. Hundreds of *campesinos*, distraught over poverty, illness, or personal problems, have ended their lives by ingesting pesticides.

Such desperation, brought on in part by policies that encourage the destruction of traditional subsistence farming, is growing more common among the impoverished Maya farmers of Guatemala and Chiapas. But a rising suicide rate is not the only product of such despair. For every *campesino* who kills himself, dozens will struggle desperately for survival, by whatever means necessary, including insurgency and crime.

Kevin Barrett, a freelance writer, has taught English and French at San Francisco State University. Bruce Barrett, a medical doctor and anthropologist, has recently returned from a year as a Johns Hopkins University Health and Child Survival Fellow in Guatemala.

WEATHER REPORT

Land of the free

• Some post office officials are promoting a startling plan for a national identity card to be used by any citizen doing business with the federal government. According to *Digital Media*, "Sources close to the administration said President Clinton is also considering signing a pair of executive orders that would facilitate the connection of individuals' bank accounts to a government identification card."

The smart card, according to a representative of the Post Office, would automatically connect a citizen to the Health & Human Services Department, the Treasury, the IRS, the banking system and a central database of digital signatures for use in authenticating E-Mail and other transactions."

Said DM: "The Postal Service is prepared to put more than 100 million of the cards in citizens' pockets within months of administration approval, which could come at any time."

DM pointed out that while the individual applications of the identity card might seem benign -- such as having medical records available at the time of emergency room visits -- "collectively they paint a picture of a citizen's or business' existence that could be meddlesome at best and downright totalitarian at worst, industry observers said.

"For example, buying a book at a gay bookstore with a credit card that authenticates the transaction through the Postal Service might open a naval officer up to court martial. . . "

Said one security system consultant: "There won't be anything you do in business that won't be collected and

analyzed by the government. This is a better surveillance mechanism than Orwell or the government could have imagined."

The Electronic Privacy Information Center has filed a freedom of information request for documents relating to the scheme. A EPIC representative tells us he doubts that the plan has progressed as far as *DM* indicated.

- A federal judge, in striking down a portion of the Brady Law, struck a blow for state and local rights. Judge Charles Lovell declared that the requirement that local police conduct background checks on prospective gun buyers essentially commandeered state and local officials to enforce a federal law, and thus was unconstitutional.

While Congress and Clinton have had a field day getting ready for the next election with their egregious crime bill, its damage will be mitigated by the fact that the total number of *all* federal law enforcement officers is less than the number of cops in the NYPD. Furthermore, federal courts handle less than five percent of all criminal cases and are already so overburdened with these that they have effectively handed over judicial decisions to the prosecutors who select which cases to try.

A 90s Lexicon

Mcjob: a low-pay, low-prestige, low-dignity, low-benefit, no-future service job. Frequently considered a satisfying career choice by people who have never held one.

Anti-Sabbatical: a job taken with the sole intention of staying only for a limited time (often one year). The intention is usually to raise enough funds to partake in another more personally meaningful activity such as watercolor sketching in Crete or designing sweaters in Hong Kong. Employers are rarely informed of intentions.

Legislated Nostalgia: forcing a body of people to have memories they do not actually possess:

"How can I be a part of the 1960's generation when I don't even remember any of it?"

Now Denial: to tell oneself that the only time worth living in is the past and that the only time that may ever be interesting again is the future.

Poorochondria: hypochondria derived from not having medical insurance.

-- *Post-American*

The club

- From the *Wall Street Journal*: "One asset new Clinton attorney Robert Bennett brings to his job: a very good relationship with Whitewater special counsel Robert Fiske. The two lawyers worked together in defending Clark Clifford and Robert Altman in the early days."

- Joaquin Otero, meet Roland Droitsch. You folks really should get to know each other since you both work for the Labor Department. Droitsch is the deputy assistant

secretary who wrote a letter in January saying that the question of a shorter work week was under study by the Clinton administration. Otero is the deputy under secretary who wrote a letter in March saying that various "constraints and conditions" preclude "legislated or centrally agreed working-time reductions."

The difficult decisions are not the easy decisions --
Maine Republican congressional candidate Jim Longley Jr.

Breyer's flavor

As with Judge Ginsberg -- who (with much help from the media) was successfully passed off to the public as a moderate despite a record of having voted 85% of the time with Judge Robert Bork -- Stephen Breyer is being accorded the full centrist treatment. Thus you probably didn't know that Judge Breyer has written critically of efforts to control pesticides and the nuclear industry.

Ralph Nader describe Breyer as having displayed "antagonistic positions against strong positions against strong consumer, environment and antitrust law enforcement."

Charles Mueller, editor of the *Antitrust Law & Economics Review*, told the *Daily Citizen* that Breyer is "disdainful of small business" and rules in favor of "economic bullies rather than their victims. . .

"He has rarely, if ever met a monopoly or restraint on competition that he didn't like. He aggressively reaches out to write all substantive antitrust opinions in his circuit -- with the result that he has effectively repealed the federal antitrust laws in his jurisdiction."

DC quotes Lois Marie Gibbs, of the Citizen's Clearinghouse on Hazardous Waste, who says, "He is part of the vicious circle of corporate chemical contamination of our society defended by corporate lawyers who get nominated to the courts, so that they can roadblock justice."

Breyer is also one of the architects of the badly drafted federal sentencing guidelines. Nat Hentoff credits Breyer, for example, with the provision that allows a defendant's sentencing considerations to include some arrests without convictions.

Drug busts

- Clinton's director of the Drug Enforcement Administration, Thomas Constantine, makes William Bennett sound like a moderate. In an interview with the *Washington Times*, Constantine declared:

Many times people talk about the nonviolent drug offender. That is a rare species. There is not some sterile drug type not involved in violence who is contributing some good to the community; that is ridiculous. They are contributing nothing but evil.

As a matter of fact, it is the legal drug alcohol that is the most closely connected with violent crime. And there is

[Clinton's] wanton affability leaves, inevitably, to misunderstandings. It forces him to finagle, which he does brilliantly. It leads to a rhetorical promiscuity, the reckless belief that he can talk his way out of anything, that he can seduce, and abandon, at will and without consequence. During the presidential campaign Carville confronted Clinton about this tendency -- memorably. The governor had just talked his way out a tough scrape and Carville, nonplused, was berating him for always living on the edge, as if we were begging to get caught. "You keep playing this game of gotcha," he said.

"Yeah, Clinton replied," But they did get me that time, did they?" -- Joe Klein in *Newsweek*.

no correlation between marijuana use and violent crime. Nonetheless this country has made over nine million marijuana arrests since 1965. That's one every two minutes -- primarily so agencies like the DEA can keep their budgets pumped up.

- Meanwhile, the National High Traffic Safety Administration has found that the adverse effects of pot on driving appear "relatively small" and are less than those of drunken driving. The study shows, that, unlike alcohol, marijuana appears to produce greater caution and is "not profoundly impairing." Further, marijuana's effects are "in no way unusual compared to many medicinal drugs.

- A court decision in Germany has ended criminal penalties for the possession of small amounts of marijuana and hashish. Now officials in North Rhine-Westphalia, Germany's largest state, say they'll also stop arresting people for small quantities of cocaine, heroin, LSD and other drugs.

- A Colombian court has legalized the personal use of marijuana, citing the country's constitutional guarantees of individual rights.

The tabloid presidency

- The Washington establishment quickly circled the wagons around the "institution of the presidency" after Paula Corbin Jones made her sexual harassment charges. There was, as always, less interest in protecting the institution of the Constitution and thus various legal experts were on the talk shows suggesting that Clinton be spared the rigors of law and order until he had completed his presidency.

Few noted another alternative for a politician so tainted with scandal and so immersed in personal controversy -- namely that in the best interests of the country and his party he resign. If Clinton had been a British prime minister he would not be trying to fiddle with the statute of limitations or construct some monarchical legal theory of the presidency; he would have quit or called a general election.

We need not worry about a national trauma should Clinton prematurely return to Little Rock. Charles DeGaulle (as James Carville reminded us the other day in connection with Danny Rostenkowski) once noted that cemeteries are filled with the bodies of indispensable men.

Education

- As was pointed out in the last issue, with its educational goals bill, Clinton and Congress have set up a nice little piggy bank for the fuzzy wuzzies of educational consultancy. To give you a taste of what we're in for, consider what Kentucky already includes among its "performance-based education" goals:

Students demonstrate positive strategies for achieving and maintaining mental and emotional wellness. . .

[Students] establish goals for improving and maintain self-esteem. . .

[Students] examine the mental and emotional wellness of a selection of past or present world leaders.

- The latter goal may stumble on the need to identify world leaders before assessing them.. A recent survey, for example, found that only 33% of Americans knew that the leading presidential candidate in Mexico was suffering from diminished mental and emotional wellness lately and, in fact, had been assassinated. Only 29% knew that the massacres in Rwanda and killed hundreds of thousands of people.

- While much attention has been given to information superhighways, Jim Hightower notes that the federal government only coughs up about \$146 million for all community and college libraries. That's less than for the support of America's military bands. So now Clinton is planning to cut the figure by a third. Hightower points out that even during the Great Depression, no library in America was forced to close its doors.

Just politics

- A federal court has ruled that a public television station sponsoring a debate between candidates cannot exclude those who hold unpopular views. According to *Ballot Access News*, the decision by the 8th circuit is the first time independent or third party candidates have won a US appeals court decision forcing equal treatment.

- The University of Chicago reports that a national survey of blacks found 50% saying they would support a national black political party. In 1988, only 26% indicated support.

- A top former DEA agent in Central America is publicly charging that Oliver North was involved in CIA-

The president has had more to say about the caning of Michael Fay than the genocide being waged in Rwanda. -- David Corn, *The Nation*

backed drug running out of El Salvador. Celerio Castillo III is not the only ex-drug agent making such charges, notes Pacific News Service. Michael Levine, author of *The Big White Lie*, says he has pored over North's diaries and found hundreds of references to drug running operations that have never been investigated.

Cybernews

According to Hugh Hecklo writing for PNS, techno-rot is setting in along the information highway and elsewhere. He defines techno-rot as the "triumph of technique over substance, information over knowledge, processing over truly producing." He notes that faced with hundreds of e-mail messages a day some scientists are simply withdrawing from Internet -- a form of "downtechning," which Hecklo describes as "the equivalent of downsizing except that it involves firing machines rather than people.

"Downtechning is driven by a growing recognition of technology's potential to displace purpose."

Loose change

- The May 23 issue of the *Wall Street Journal*, in a front page column, mulled over the question of how much unemployment threatens the onset of inflation. Its conclusion, relying on the advice of economists, was around 6%. Then, in an aside, the *WSJ* admitted that 6% was a "startling sounding number for folks old enough to remember when that was recession-level unemployment." What the *Journal* didn't explain is why this is no longer the case. Apparently the inexorable rules of economics are far more fluid than we have been told.

- If you think that welfare causes women to have children out of wedlock, then explain please why the rate of such births has increased since the 1970s while the value of welfare benefits has gone down.

The corporative state

- A Pentagon task force has urged that anti-trust barriers to defense industry mergers be relaxed. Says the *Los Angeles Times*:

The report asserts that the Pentagon should invoke the issue of national security to protect defense industry mergers, even if those mergers might be blocked under conventional antitrust regulation.

Furthermore . . .

- Back in March we noted that Bobby Ray Inman, former defense secretary nominee; Bill Perry, present defense secretary; and John Deutsh, a top Pentagon official, all served on the board of the Bush-cozy SAIC Corporation at a time when SAIC ran afoul of federal law, pled guilty to ten counts of fraud in connection with federal contracts and paid a fine of \$1.3 million. The Project on Government Oversight discovered that in an attempt to get

the Justice Department off SAIC's back, board member and former defense secretary Melvin Laird wrote a personal letter to Attorney General Richard Thornburgh citing the presence on the board of Inman, Perry and Deutsh as evidence that "we have very distinguished, hard-working group of board members who are interested in continuing to make this employee-owned corporation the great national success that it is." Perry received more than \$350,000 in SAIC stock benefits when he left.

Now, according to the *Newsday*, four federal agencies are investigating SAIC's Pentagon contracts. In February, the feds raided SAIC offices and seized some 180,000 documents.

- Under the Americans with Disabilities Act, it's illegal to inquire about a job applicant's disabilities or the severity of such disabilities -- unless, for example, that disability would prevent them from doing the job for which they were applying. Thus, points out the *Wall Street Journal*, Clinton's calls to Judge Richard Arnold's doctors concerning the judge's lymphoma, would have been verboten in the corporate world, as would have been Clinton's decision not to appoint Arnold to the Supreme Court out of fear that he might not last 15 to 20 years. Said the *WSJ*: "Mr. Clinton was lucky that Judge Arnold went away quietly. In the real world, the disappointed send in their lawyers for some money."

- According to Caleb Rossiter, director of the Project on Demilitarization and Democracy, Bill Clinton sold "twice as much weaponry to undemocratic governments in the Third World in his first year than George Bush in any of his years in office."

ROADSIGNS

Culture

Percent of Americans in 1975 who thought that work was more important than leisure: 48%

Percent of Americans in 1993 who thought that work was more important than leisure: 31%

Economy

Average monthly household allotment of food stamps in the District of Columbia: 70 cents per meal.

Haiti

Number of baseballs and softballs shipped to the US from Haiti in 1993 despite economic sanctions: 3 million.

Military

Cold war average annual American peacetime military spending: \$250 billion

Clinton military spending 1994: \$280 billion

Military spending in 1980: \$235 billion

Clinton planned military spending 1999: \$232 billion

UN peacekeeping missions since 1948: 18

UN peacekeeping missions since 1948 in which US personnel have participated: 6

Total personnel provided for UN peacekeeping missions: 78,000

Total American personnel provided for UN peacekeeping missions: 1400

Politics

Percent of American men 39-59 who have served in the military: 43%

Percent of those in Clinton administration who served in the military: 18%

Percent of those in the White House who served in the military: 8%

SOURCES

Culture: Roper Organization Economy: DC Hunger

Action Haiti: Daily Citizen Military: Center for Defense

Information (budget figures in 1994 dollars) Politics: Newsweek

FIELD NOTES

READING

Guide to instructing legislators: A 16-page booklet explains the Massachusetts state constitutional right of citizens to tell legislators how to vote. 15 other state constitutions also include the right. \$3 plus an envelope larger than 8 1/2x 5 1/2 stamped with 52 cents postage, to CPPAX Education Fund, 25 West Street, Boston MA 02111. Contact: Steve Stefano, 617-426-3042

GATHERINGS

Center for Popular Economics: Holds a conference Aug 5-7 in Northampton MA on "Where Do We Go From Here? Alternatives and Strategies." CPE, Box 785, Amherst MA 01004. 415-545-0743.

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